

THE FEDERAL DIARY

Compromise on Early-Out

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Sens. William V. Roth (R-Del.) and Ted Stevens (R-Alaska) yesterday announced a compromise plan that would give the early-retirement option to about 700,000 employees—nearly a quarter of the federal work force—while protecting key U.S. programs from “brain drain.”

Under current rules, about 250,000 of the government's 2.8 million civilians are eligible to retire.

The Senate Governmental Affairs Committee may make the early-out plan—which Roth, the committee's chairman, said would save \$2.5 billion over three years—part of the reconciliation package it must send the Senate Budget Committee on Monday.

The new bill is designed to meet objections raised by the White House and federal union leaders to a previous early-out plan from Roth and Stevens.

Under the new proposal, federal workers would have a three-month window in which to take advantage of relaxed government age and service requirements.

It would begin 30 days after the bill became law.

Employees could retire at any age after 25 years' service, at age 50 with 20 years' service, at age 55 after 15 years' service or at age 57 with five years' service.

In addition, workers who are within five years of retirement eligibility under normal age-service rules (age 55 with 30 years' service; age 60 with 20 years' service or age 62 with five years' service) could also take advantage of the early-out. Pensions would be reduced 2 percent for each year the retiree is under age 55.

Roth said the early-out would

facing budget cuts to lay off younger workers with less seniority.

He estimated that the early-out accompanied by a hiring freeze would cut billions of dollars from the payroll.

Previously Roth and Stevens had proposed that the early-out run for six months and that agencies be barred for five years from replacing workers who took early retirement.

Both unions and the Reagan administration said a long-term, solid freeze on hiring replacements would produce serious problems for agencies such as the Internal Revenue Service, National Aeronautics and Space Administration, FBI and the CIA, where as many as 40 percent of senior managers, scientists and engineers would be eligible to leave. Union officials feel the Roth-Stevens bill is a vehicle designed to shrink the civil service and encourage agencies to turn over work to private contractors.

The new retirement plan gives the postmaster general the authority to exempt the Postal Service (with 650,000 workers) from the replacement hiring freeze.

The president would have the option of denying early retirement to up to 25 percent of the eligible employees in each agency if their jobs or skills were considered critical. He could also refill—by executive order—key vacancies caused by early retirement.

“That,” Roth said, “would avoid the kind of ‘brain drain’ that could lead to serious shortages in expertise.”

The House has not taken any action on early retirement, primarily because of objections raised by federal and postal unions.

Rep. Helen Delich Bentley (R-Md.) has introduced an early-retirement bill similar to the first proposal made by Roth